

GRAND JURY INVESTIGATIONS

Overview

The grand jury is an investigative process convened by a Federal Court, and tasked with seeking information, evaluating allegations and evidence, and determining whether criminal charges are warranted. Evidence is presented to the grand jury by Department of Justice special prosecutors or local U.S. Attorneys. The IRS special agent's role in this process is to assist the grand jury in gathering evidence of criminal violations. For the IRS special agent, this means his or her focus will be on alleged violations of criminal tax, money laundering and currency crimes. The special agent assists in this process only at the direction of the prosecuting attorney and with the concurrence of IRS management. Frequently, grand jury investigations of financial crimes are expanded to include potential tax or related crimes. The expertise of the IRS special agent is utilized to conduct a full financial investigation of this criminal conduct.

Grand Jury Secrecy

Grand jury proceedings are required to be kept secret, to preserve the confidentiality and privacy of witnesses and targets. Information obtained by the grand jury may be disclosed for other purposes only with the permission of the court, and only for specified reasons after a showing of need. All grand jury information in the possession of the IRS is kept segregated from other information, and the names of all personnel having access to grand jury information are maintained on a grand jury access list for each specific investigation.

Initiation of Grand Jury Investigations

The IRS becomes involved in grand jury investigations either by being invited by the prosecutor to join an ongoing grand jury investigation, or by a management decision that an IRS matter requires investigation by a grand jury. Grand jury investigations are a critical tool to the IRS since financial crimes increasingly involve complex schemes perpetrated by individuals involved in a multitude of criminal activity. This requires the expertise of many agencies working together in a task force to effectively investigate and prosecute the violators.

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An ongoing grand jury investigation may uncover evidence of tax offenses within IRS's investigative jurisdiction. When this occurs, IRS agents are assigned to assist in the investigation. Alternatively, the IRS may determine that a case requires the investigative power of a grand jury, and recommends that such be authorized.

Recommendations to join, or to convene, a tax grand jury investigation, require review and approval by supervisory officials within the IRS, as well as review and approval by IRS District Counsel attorneys and Department of Justice officials.

Prosecution Recommendations

Tax-related prosecution recommendations made as a result of grand jury investigations are reviewed by supervisory personnel within IRS-CID, and are evaluated by IRS counsel attorneys. All tax-related prosecutions are authorized by the Department of Justice Tax Division. Non-tax-related prosecution recommendations are reviewed by IRS supervisory personnel, and personnel in the Office of the U.S. Attorney.

Statistics

In FY-97, IRS-CI initiated 5,335 subject investigations, of which 3,456 were pursued using the grand jury process and 1,879 via the non-grand jury process. The 3,456 investigations initiated utilizing the grand jury process consisted of 1,254 criminal tax investigations and 2,202 money laundering and related violations.

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